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Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE March 21, 2012

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on a review of selected application controls over the University of Northern Iowa General Ledger System for the period of June 22, 2011 through August 4, 2011.

Vaudt recommended the University of Northern Iowa strengthen password controls for the General Ledger System. The University has responded positively to the recommendation.

A copy of the report is available for review at the University of Northern Iowa, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/1261-8030-BT01.pdf.

# # #

REPORT OF RECOMMENDATIONS TO
THE UNIVERSITY OF NORTHERN IOWA
ON A REVIEW OF SELECTED
APPLICATION CONTROLS OVER
THE UNIVERSITY'S GENERAL LEDGER SYSTEM

JUNE 22, 2011 THROUGH AUGUST 4, 2011

Office of

AUDITOR OF STATE

State Capitol Building • Des Moines, Iowa

David A. Vaudt, CPA
Auditor of State

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February 13, 2012

To the Members of the Board of Regents, State of Iowa:

In conjunction with our audits of the financial statements of the University of Northern Iowa for the year ended June 30, 2011, we conducted an information technology review of selected application controls for the period June 22, 2011 through August 4, 2011. Our review focused on the application controls of the University's General Ledger System as they relate to our audits of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following pages. We believe you should be aware of this recommendation which pertains to the University's application controls over the General Ledger System. This recommendation has been discussed with University personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the University's response, we did not audit the University's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the University of Northern Iowa, citizens of the State of Iowa and other parties to whom the University of Northern Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the University during the course of our review. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our review of the University's General Ledger System are listed on page 6 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

General Ledger System Application Controls

A. Background

The General Ledger System at the University of Northern Iowa (University) is used to record financial activity for the accounts of the University and prepare financial statements.

B. Scope and Methodology

In conjunction with our audit of the financial statements of the University, we reviewed selected aspects of the application controls in place over the University's General Ledger System for the period June 22, 2011 through August 4, 2011. Specifically, we reviewed the application controls: access controls, segregation of users and the business process controls, including input, processing and output. We interviewed staff of the University and we reviewed University policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those University operations within the scope of our review. We developed an understanding of the University's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use our finite review resources to identify where and how improvements can be made. Thus, we devote little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Results of the Review

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendation, along with the University's response, is detailed in the remainder of this report.

Application Controls

(1) Password Controls – User ID's and passwords are used to identify and authenticate users in controlling access to system resources. Typical controls for protecting information resources include the use of strong passwords which are at least 8 characters in length, include a combination of alpha, numeric and special characters, are changed every 60 to 90 days, are not allowed to be reused, are locked out after a limited number of consecutive unsuccessful attempts and require default passwords to be changed after the first login. Passwords for the General Ledger System include several of these control features, but other control features are not present.

Recommendation – The University should implement additional security features to strengthen password controls.

Response – The University agrees with the recommendation and will implement the suggested additional security features to strengthen password controls with an expected completion no later than July 1, 2012

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Darryl J. Brumm, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Kelly L. Hilton, Staff Auditor
James H. Pitcher, Assistant Auditor